

New Hampshire Adult Coverage Subcommittee (SB 183)

Report to the Governor, Speaker of the House, and Senate President

Executive Summary

January, 2001

The 1999 New Hampshire Legislature created a committee of the Healthy Kids Board to study the adult uninsured issue and to make recommendations to the Governor, Speaker of the House, and Senate President. This committee, chaired by Representative John Hunt, met during 1999 and 2000. Among its activities, the committee researched characteristics of the uninsured, explored possible models for coverage expansions, projected costs of those expansions, and identified potential sources of funding.

The Committee gained new knowledge about the rate of uninsurance across the state and characteristics of New Hampshire's uninsured. Data collected through the 1999 New Hampshire Health Insurance Coverage and Access Survey (NH-HICAS) provided detailed information on the uninsured in the state, including access to employer-based insurance and variation across geographic areas and demographic groups. Approximately 91% of New Hampshire residents have health insurance, 84% from employer-based or private coverage and 7% from publicly sponsored programs, such as Medicaid and Healthy Kids. Of the 9% who are uninsured, 72% do not have access to health coverage through their employment.

For those who have access to employment based health coverage, cost is the primary reason for declining coverage. Recognizing this, the committee searched for quantifiable data to determine at what income level a family or individual has the resources to pay for health coverage. The committee reviewed research published in a report, "New Hampshire Basic Needs and Livable Wage," by the Josiah Bartlett Center for Public Policy. The report reveals the level of wages necessary for families in New Hampshire to meet basic needs. Basic needs are identified as food, rent, utilities, basic telephone, clothing, household expenses, transportation, childcare, health care, and a small allowance for personal expenses. The resulting "livable wage" varies based on family characteristics such as size and the need for outside childcare.

The committee further developed the data to calculate the minimum income needed before an individual or family can begin to pay for health coverage. The results show that New Hampshire families need to earn wages at about 200% of the federal poverty level (FPL) or higher to meet their basic needs. It is particularly troubling to note that at these income levels, the full cost of comprehensive health insurance in the non-group market could cost as much as 37% to 57% of total family income. Based upon this information, the committee concluded that families with incomes less than 300% FPL are not able to purchase adequate health insurance without assistance.

Although the committee discussed a number of health care issues that confront the state and nation, the group focused its attention on evaluating current programs and researching possible models for expansion. It was particularly discouraging to learn that there is no federal source of funds to expand coverage to adults without children. The committee also realizes that any expansion of coverage will be incremental, largely due to the financial resources needed.

In reviewing program options, the committee established a set of values and guiding principles that should be considered in the design of any program to expand coverage. Those values focus on encouraging family responsibility; leveraging federal, private and community resources; emphasizing preventive and primary care services and care coordination, and maintaining consistency among different programs in regard to benefits, eligibility and cost-sharing.

A focal point for the committee was to better understand the issue of crowd-out. Crowd-out (as it is broadly defined) occurs when an individual drops private insurance to enroll in a public program or when an employer drops coverage as a result of the availability of public coverage and the employee subse-

quently enrolls. Crowd-out is often viewed as a negative occurrence. The committee challenges the notion that all occurrences of crowd-out are to be avoided. Doing so overlooks circumstances where individuals must choose between basic living needs and health care, or where access to preventive and primary care remains an issue because the purchased insurance provides “catastrophic-only” coverage.

Given a more thoughtful definition of crowd-out as suggested above, it is the consensus of the committee that the issue of crowd-out may be overstated. The committee believes it is essential to develop New Hampshire data to better evaluate the impact of unwanted crowd-out, particularly as it relates to the loss of private comprehensive insurance that covers preventive and primary care and the termination of coverage by employers forcing employees to enroll in public programs.

Consensus was reached on the following recommendations to expand coverage and lay the groundwork for future action.

Recommendations

1. **Expand coverage to parents with children eligible for Healthy Kids with incomes up to 185% FPL.** This expansion could be phased in using Federal Medicaid (Title XIX) and CHIP (Title XXI) funds to cover 50% and 65% of the cost, respectively.
2. **Conduct further research and explore innovative options to provide coverage to low-income adults without children.** These activities should be included in the work plan of the State Planning Grant received by the New Hampshire Department of Health and Human Services from the Health Resources and Services Administration (HRSA). This comprehensive grant project is intended to further study the characteristics of the uninsured and develop detailed, operational options for expanding health coverage to the uninsured.
3. **Authorize the committee to continue its work on this issue.** This committee is well informed on the issue of uninsurance and can provide insight and community input to the Governor and Legislature as new information becomes available. The committee will report to the Governor and the Legislature annually on its progress, specifically recommending innovative expansion strategies and exploring ways to leverage additional funds to cover the uninsured. This authorization can be accomplished through an amendment to RSA 126H, the Healthy Kids Act.
4. **Authorize the Department of Health and Human Services, in collaboration with the Healthy Kids Corp., to seek funding and implement a demonstration project to expand coverage.** A newly announced Robert Wood Johnson Foundation initiative offers an opportunity to implement new coverage options for adults that are identified in the HRSA planning grant. The goal is to develop and implement a public-private partnership that builds on the success and experience of the Healthy Kids model and community-based programs, such as HealthLink and Seacoast HealthNet, as well as successful public-private partnerships in other parts of the country.
5. **Advocate for federal action to further support efforts to expand coverage.** The committee urges the State Legislature, the Governor’s office, the Department of Health and Human Services and all interested stakeholders to work with New Hampshire’s Congressional delegation and other federal officials to further the issue of the uninsured and seek additional measures at the federal level to assist the state. Specific action includes requesting that states be allowed to use Title XXI funds to:
 - extend coverage to young adults (age 18 to 24)
 - provide preventive and primary care services to underinsured children
 - increase outreach by raising the 10% cap on administrative expenses to 25%
 - make grants to reimburse Community Health Centers (CHC’s) for services to people who do not have health insurance coverage